

## Message Text

UNCLASSIFIED

PAGE 01 JAKART 00863 190837Z

ACTION EA-09

INFO OCT-01 EB-07 ISO-00 USIA-15 /032 W

-----191122Z 092955 /21

R 190737Z JAN 77

FM AMEMBASSY JAKARTA

TO USDOC WASHDC

SECSTATE WASHDC 8809

INFO AMEMBASSY SINGAPORE

AMCONSUL MEDAN

AMCONSUL SURABAYA

UNCLAS JAKARTA 0863

EO 11652: NA

TAGS: BEXP, ID

SUBJ: FY 77 CCP FIRST QUARTER PROGRESS REPORT

REF: A) 76 STATE 298601, B) 76 STATE 211538, C) 76 JAKARTA 14640

D) 76 JAKARTA 15718

1. CCAG MET JANUARY 18 AND FOUND CCP FY 77 FIRST QUARTER PROGRAMS ON TRACK.

2. REFTEL A ASKED ABOUT E/COM AND USIS COOPERATION. THEY WORK WELL AND CLOSELY IN JAKARTA. ASSETS OF USIS ARE AVAILABLE FOR ECONOMIC AND COMMERCIAL PROMOTION. FOR EXAMPLE, E/CM RECOMMENDED INTERNATIONAL VISITOR (IV) CANDIDATE HAS BEEN ACCEPTED FOR SUMMER 1977 GRANT TO USA AND WE ANTICIPATE GREAT HELP FROM USIS IN PREPARATIONS FOR AN DURING AGRICULTURE 77. CCAG HAS INDEED EXPLORED POSSIBILITY OF TV PLACEMENT OF FILMS (REFTEL A, PARA 2). IN INDONESIA SUCH TV SHOWINGS ARE DIFFICULT IF PARTICULAR COMPANY IS NAMED, AS TVRI CONSIDERS THIS FACE FREE ADVERTISING. DIRECT PROJECTION SHOWINGS ARE NO PROBLEM.

3. CONCERNING CAMPAIGN NO. 3, WOOD PROCESSING INDUSTRY

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 JAKART 00863 190837Z

DEVELOPMENT, TVRI FILM IS SUITABLE FOR PRESENTATION AT RECEPTION AND WILL BE SCHEDULED. UNFORTUNATELY, ONLY KNOWN COPY OF FILM CURRENTLY UNAVAILABLE AS IT IS SOMEWHERE IN THE WILDS OF KALIMANTAN. EMBASSY WILL CONTINUE TO PURSUE ON THIS MATTER.

4. E/CM HAS SENT OUT FOLLOW-UP QUESTIONNAIRE ASKING

FOR SPECIFIC RESULTS OF 1975 NAFED-ORGANIZED WOOD MISSION (REFTEL B, PARA 5). TO DATE, NO RESPONSES HAVE BEEN RECEIVED. NAFED HAS FURNISHED FOLLOWING GENERAL RESULTS: THE FOUR FIRMS WHICH PARTICIPATED IN MISSION ARE DOING "BUSINESS" WITH AMERICAN COMPANIES IN SAWN TIMBER AND "INVESTIGATIONS ARE UNDERWAY" FOR TRIAL SHIPMENT OF PLYWOOD. AS RESULT OF MISSION THREE AMERICAN ENTERPRISES, NORTH AMERICAN PLYWOOD, NEWYORK; ROBINSON LUMBER, NEW ORLEANS; AND STANTAN SWAFFORD, INC., LOS ANGELES HAVE VISITED OR ARE DOING "BUSINESS" HERE.

5. PER REFTTEL C, CCAG SUBMITS TO WCAC PROPOSAL FOR UP-GRADING AGRIBUSINESS CUSTOMARY ACTIVITY NO. 3 (PAGE 13, FY 77 CCP) TO A CAMPAIGN WHICH WE PROPOSE SHALL REPLACE CAMPAIGN 1, SUGAR INDUSTRY DEVELOPMENT. WE HAVE DETERMINED NEW AGRIBUSINESS CAMPAIGN OFFERS GREATER POTENTIAL AS SUGAR INDUSTRY DEVELOPMENT ON AND OFF JAVA HAS STALLED. SEE REFTTEL D FOR BACKGROUND. EMBASSY WILL CONTINUE TO ADVISE AND ASSIST US FIRMS ON POSSIBLE SUGAR PROJECT TENDERS AND DEVELOPMENTS.

6. PROPOSED NEW CAMPAIGN TO BE NUMBER 4 AND ENTITLED AGRIBUSINESS PROMOTIONS FOLLOWS: CAMPAIGN MANAGER: ROBERT A. GEHRING.  
JUSTIFICATION: THIS CAMPAIGN IMPLEMENTS A WORLD-WIDE US GOVERNMENT POLICY GIVING PRIORITY ATTENTION TO AGRIBUSINESS OPPORTUNITIES (75 STATE A-7008), INCORPORATES CAMPAIGN NO. 1 OF THE FY 77 CCP AND CARRIES OUT ACTION C) OF ACTIVITY NO. 3 OF THE FY 77 CCP.  
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 JAKART 00863 190837Z

THE GOI HAS PLACED A HIGH PRIORITY ON THE DEVELOPMENT OF AGRICULTURE, TO PRODUCE BOTH FOOD FOR INTERNAL CONSUMPTION AND OTHER AGRICULTURAL PRODUCTS FOR EXPORT. REPELITA II CALLS FOR EXPENDITURES OF \$2.4 BILLION, OR 19.1 PERCENT OF THE TOTAL DEVELOPMENT BUDGET, DURING THE FIVE-YEAR PERIOD 1974-79. IRRIGATION AND RICE PRODUCTION ARE EMPHASIZED. ALTHOUGH LITTLE FOREIGN INVESTMENT HAS GONE INTO AGRIBUSINESS TO DATE, THE GOI PLACES THE SECTION IN ITS "HIGH PRIORITY" CATEGORY FOR FOREIGN INVESTMENT.  
RAPID MECHANIZATION OF AGRICULTURE ON JAVA IS NOT LIKELY IN FORESEEABLE FUTURE, NEVERTHELESS LAND HOLDINGS IN AREAS BEING DEVELOPED BY GOI FOR TRANSMIGRATION ON THE OUTER ISLANDS ARE LARGE ENOUGH TO SUPPORT SMALL-SIZE MODERN EQUIPMENT. FURTHERMORE, THE GOVERNMENT'S NUCLEUS ESTATE CONCEPT ALSO PROVIDES OPPORTUNITIES FOR SALES OF AGRICULTURAL EQUIPMENT. A RECENT COMMERCE-FUNDED CONTRACT MARKET RESEARCH REPORT PROJECTED 1980 INDONESIAN IMPORTS OF AGRICULTURAL AND FOOD PROCESSING AND PACKAGING

EQUIPMENT OF \$100 MILLION. THE REPORT CONCLUDED THAT THE US MARKET SHARE OF THIS MARKET IN 1975 (18 PERCENT FOR FOOD PACKAGING AND PROCESSING EQUIPMENT AND 23 PERCENT FOR AGRICULTURAL EQUIPMENT) COULD BE IMPROVED THROUGH EFFECTIVE SALES PROMOTION.

#### CAMPAIGN HIGHLIGHTS

ORGANIZE AND IMPLEMENT AGRIQUIP '77, AN EXHIBITION ON AGRICULTURAL AND FOOD PROCESSING AND PACKAGING EQUIPMENT TO BE HELD IN JAKARTA AUGUST 1-5, 1977, WITH RELATED SEMINARS IN JAKARTA; MEDAN AND SURABAYA, MONITOR MWJOR PROJECT OPPORTUNITIES IN THE SECTOR, INCLUDING A POSSIBLE SECOND TRANCH OF SIX SUGAR MILLS; AND ASSIST THE AGRIBUSINESS COUNCIL/OPIC INVESTMENT MISSION PROGRAM.

#### CAMPAIGN NUMBER

NO. ACTIONS	CUMULATIVE MILESTONES			
	DEC	MAR	JUNE	SEPT
	31	30	30	30

UNCLASSIFIED

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PAGE 04 JAKART 00863 190837Z

1. MONITOR SECTOR TO IDENTIFY, ANALYZE AND REPORT PROPOSED PUBLIC AND PRIVATE PROJECTS WITH POTENTIAL FOR US PARTICIPATION AND SALES X X X X

2. SUBMIT INITIAL REPORT ON GOVERNMENT POLICIES RELATED TO FOREIGN INVESTMENT IN AGRIBUSINESS X

3. SUBMIT RECOMMENDATIONS FOR CONTENT OF AGRIQUIP '77 X

4. MAKE PREPARATIONS FOR AGRIQUIP '77 WITH USIS ASSISTANCE, INCLUDING SITE SELECTION, LIST BUILDING, PUBLICITY, ETC. X X

5. WORK WITH ON-SITE COMMERCE MANAGEMENT TEAM AND USIS TO PREPARE FOR, IMPLEMENT AND DISMANTLE AGRIQUIP '77 X X

6. CONTINUE TO ADVISE AND ASSIST US BIDDERS AND OTHER AGRIBUSINESS ON SUGAR PROJECT DEVELOPMENTS, INCLUDING PRIVATE PROJECTS X X X X

7. ADVISE AND ASSIST, AS APPROPRIATE, AGRIBUSINESS COUNCIL/OPIC INVESTMENT MISSION PROGRAM X X X

#### SECTION V

##### WORK DAYS OF EFFORT

MISSION PERSONNEL REQUIREMENTS	TABLE II (A)
FSO/R	110
FSL/P	115
FSL/C	20
FSS	250
CAMPAIGN FINANCIAL REQUIREMENTS	TABLE II (B)

TRAVEL REPRESENTATION	\$1000
REPRESENTATION	200
MISCELLANEOUS	100
	\$1300

NEWSOM

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PAGE 05 JAKART 00863 190837Z

UNCLASSIFIED

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Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
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